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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 002954

SIPDIS

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SUBJECT: DISCUSSION WITH BOARD OF SUPREME AUDIT HEAD

REF: A. BAGHDAD 2424

IB. BAGHDAD 2785

Classified By: ACCO Joseph Stafford, reason 1.4 (b and d)

SUMMARY

I1. (C) A prominent anti-corruption official, Board of Supreme Audit (BSA) President Dr. Abdel Basit, stated that the courts had dismissed the charges brought against him by Iraqi High Tribunal, but registered concern that he would face further such harassment by "some in government" opposed to BSA's vigorous audits. He confirmed the 5-year extension of his appointment as BSA head by the Prime Minister. Abdel Basit ruled out prosecution of any senior officials over cases of financial irregularities uncovered in BSA's auditing of the GOI's "three presidencies," asserting that Iraq's criminal justice system currently lacked the capability to pursue such cases. Abdel Basit claimed that the BSA had issued 3,300 reports of its audits and other activities since the beginning of 2009. He said the Prime Minister had established a committee to review the status of corruption cases under investigation by Inspectors General in an effort to bring these cases to closure. We are skeptical of Abdel Basit's claim that the Council of Representatives (COR) will act this year on proposed amendments to the BSA law granting it investigative powers. END SUMMARY.

CRIMINAL CHARGES DISMISSED AND APPOINTMENT EXTENDED

I2. (C) Ref A reported the Iraqi High Tribunal's (IHT) issuance in September of a warrant for the arrest of a respected senior anti-corruption official, BSA President Abdel Basit, on charges of "wasting and squandering national resources" while a senior official in Saddam's regime. (NOTE: The BSA is an independent agency, somewhat similar to our GAO and responsible, *inter alia*, for auditing the financial records of all GOI institutions. END NOTE) Abdel Basit, who had immediately denied the charges following the arrest warrant's issuance, stated that he had subsequently appeared before a judge, who promptly dismissed the charges. The BSA head indicated that the issuance of the arrest warrant was simply an effort at intimidation by "some in government" opposed to the BSA's vigorous auditing of GOI programs. Abdel Basit said he expected further such moves -- e.g., spurious arrest warrants -- designed to intimidate him and his agency, commenting wryly that he had told the judge, "this is not the last time that you will see me before you." (COMMENT: Abdel Basit declined to provide details on the "some in government" that he saw as responsible for issuance of the arrest warrant. As reported in Ref A, we believe that the IHT's issuance of the arrest warrant may well have been in retaliation for the BSA's auditing of financial operations at the IHT and possibly uncovering evidence of irregularities. END COMMENT)

I3. (C) Abdel Basit confirmed reports of the Prime Minister's

recent extension of his initial two-year tenure as BSA President for a five-year term, noting the irony in the fact that the renewal of his mandate coincided with the issuance of the arrest warrant. He stated proudly that the Prime Minister's extension of his tenure for five years was unprecedented, as his predecessors had been appointed to two-year terms only. (COMMENT: By law, the Prime Minister appoints the BSA President for a renewable five-year term, subject to the COR's concurrence; the Prime Minister is also authorized to appoint the BSA head -- and did so, in the case of Abdel Basit's predecessors -- for a maximum two-year term on an interim basis, without seeking the COR's concurrence. On an interim basis, without seeking the COR's concurrence. There have been rumors of Abdel Basit's being considered for a cabinet position, but he indicated to us that he fully intended to stay in the BSA position. END COMMENT)

FINANCIAL IRREGULARITIES IN THE "THREE PRESIDENCIES"

¶4. (C) We asked about a recent media story that the BSA had uncovered evidence of irregularities -- e.g., disbursements without supporting documentation -- in the financial operations at the "three presidencies," i.e. offices of the Prime Minister, President of the Republic, and President of the Council of Representatives (speaker of parliament). In response, Abdel Basit attributed the media item to a leaked BSA report by "elements" attempting to score points for partisan objectives in the run-up to the January elections. He said the BSA was awaiting further information on expenditures in the three offices before issuing the final report. In response to our query, Abdel Basit dismissed prospects of any senior officials being prosecuted or

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otherwise sanctioned for financial irregularities documented in the BSA's forthcoming report. He explained that Iraq's criminal justice system lacked the capability at present to prosecute effectively the sorts of GOI financial irregularities cited in the media report; he added, in a wry note, "if our criminal justice system was up to the task, the courts would have already pursued cases against many of our ministers for financial abuses."

BSA'S OUTPUT, PRESSURE ON INSPECTORS GENERAL

¶5. (C) Abdel Basit stated that the BSA was entitled to be proud of its work in past months, claiming that the agency had issued some 3,300 reports of its audits and other activities so far this year. (NOTE: These reports are submitted to the Council of Representatives, the Prime Minister's Office, audited ministries and other executive branch institutions. Few of these reports are available to the public. END NOTE) He said that in its reporting, the BSA had identified cases under investigation by ministries' inspectors general (IGs) and that the Prime Minister had established a committee to examine those cases, initiated in 2009, that appeared to be stalled and pressure the IGs to complete them. He portrayed this exercise as important for the GOI's anti-corruption efforts, remarking, "it is incumbent upon IGs, as well as their ministers, to ensure action on the cases they open for investigation."

PROSPECTS FOR NEW LEGISLATION

¶6. (C) We noted a recent press interview by Abdel Basit in which he mentioned the prospect of passage of new legislation strengthening the BSA's powers by the end of the year. (COMMENT: Per ref b, our contacts have previously ruled out passage of any anti-corruption legislation -- i.e., three bills reforming the BSA, Commission on Integrity, and IGs) and a draft comprehensive anti-corruption law -- prior to the January 2010 COR elections. END COMMENT) Abdel Basit responded that, given opposition in the COR to the BSA bill,

he had instead focused on a less ambitious alternative in the form of several amendments to the existing BSA law designed to give the BSA investigative powers. He claimed that his latest soundings in the COR had indicated support for approval of the proposed amendments by year's end.

COMMENT

¶7. (C) While Abdel Basit seemed confident that the amendments to the BSA law would pass this year, we are doubtful, given the growing pile of proposed laws awaiting the COR's action -- and the fact that his previous assurances to us of prompt passage of the BSA bill have proved to be ill-founded. In any event, if these proposed amendments do pass, the result will be a substantial increase in the BSA's role in the GOI's overall anti-corruption regime via the granting of authority not only to audit but also to investigate evidence of wrongdoing revealed in the auditing process. At present, investigative powers reside in Iraq's other principal anti-corruption institutions, the COI and IGs. END COMMENT.

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